

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6241

BILL NUMBER: HB 1025

NOTE PREPARED: Nov 18, 2005

BILL AMENDED:

SUBJECT: Howard County Innkeeper's Tax.

FIRST AUTHOR: Rep. Smith J

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill removes the restriction that the maximum rate of the Howard County Innkeeper's Tax must decrease from 5% to 4% after June 30, 2007, allowing the current maximum rate of 5% to continue without a time limit.

Effective Date: July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Revenue from the Howard County Innkeeper's Tax is currently used for convention and visitor promotions.

Explanation of Local Revenues: *Summary:* Howard County could average approximately \$100,000 more per year in revenue with an innkeeper's tax rate of 5% instead of 4%. The estimate assumes a growth rate in tax revenue of 2.7% per year.

Background Information: Howard County collected \$477,787 in innkeeper's tax revenue at a rate of 5% in FY 2005. The average annualized growth rate in the Howard County tax from FY 1998 to FY 2005 is 2.7%.

State Agencies Affected:

Local Agencies Affected: Howard County.

Information Sources: Howard County Auditor's Office; *Indiana Handbook of Taxes, Revenues, and Appropriations*.

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